DOCUMENT RESUME

ED 274 072 EA 018 834

TITLE Report of the School Finance Study Group.
INSTITUTION Wisconsin State Dept. of Public Instruction, Madison.
PUB DATE Sep 86
NOTE 37p.
PUB TYPE Dissertations/Theses - Master Theses (042)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Categorical Aid; Costs; *Educational Finance; Elementary Secondary Education; Equalization Aid; *Finance Reform; Property Taxes; School Support; School Taxes; *State Aid
IDENTIFIERS *Wisconsin

ABSTRACT

This document reports the findings of a study assessing the status of school finance in Wisconsin and recommending preferred methods for funding the public schools. Seventy-nine topics were considered in five areas: state support, general aid, categorical aid, factors affecting school costs, and other topics. The study's recommendations regarding these topics are categorized into four groups: ideas ready for action, ideas for future consideration, ideas that should be opposed, and other ideas. Highlighted in a special section of the report are particularly important recommendations, as follows: (1) only one-third of the financial support for schools should come from property taxes; (2) income factors should not be used in school aid formulas; (3) cost containment should be conducted at the local level; (4) at-risk children should receive additional weighting in aid formulas; (5) state support for development of educational technology should be increased; and (6) improvements should be made in the flow of cash from taxpayers to schools. The report also contains a statement concerning Wisconsin's educational philosophy and a brief review of the context of educational finance. Appendixes list presentations made to the study group and chart the number of topics addressed in each report category. (PGD)

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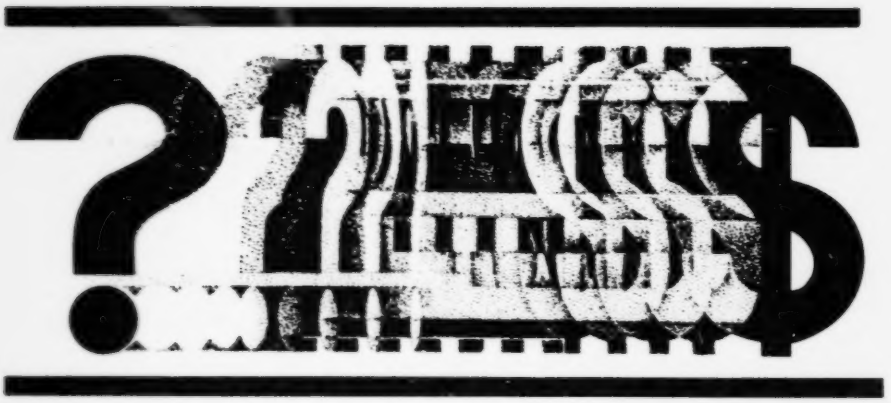

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Report of the SCHOOL FINANCE Study Group

Presented to Herbert J. Grover
Wisconsin State Superintendent of Public Instruction

September 1986

EA 018 934

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School Finance Study Group

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State Superintendent of Public Instruction

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This report is the result of work by staff members within the Wisconsin Department of Public Instruction. C. Richard Nelson, assistant state superintendent in charge of the Division for School Financial Resources and Management Services, headed the study group. Richard A. Rossmiller, chairperson of the Department of Educational Administration at the University of Wisconsin—Madison, served as a resource.

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Preface

The School Finance Study Group undertook the task of studying ways by which quality public elementary and secondary school education can best be funded in Wisconsin. Insofar as possible, the recommendations contain several options and consider both short- and long-term needs and conditions for Wisconsin.

The recommendations are intended to stand the test of time and change and be resistant to ill-advised manipulation.

The study group worked from the following assumptions:

- Education is a constitutional responsibility of the state.
- Educational opportunities for students shall be as nearly uniform as practicable.
- Students have varying educational needs and come from different socio-economic backgrounds and family structure.
- Excessive reliance on the local property tax should be avoided.
- Local control of public-school education shall be maintained, but in partnership with the state.
- Some statewide minimum standards are necessary.
- Educational costs are investments, not expenditures.
- A skilled, well educated work force and citizenry is essential to Wisconsin.

The study group was directed to include the following fundamental school-finance issues in its study:

- Taxpayer equity
- Considerations in aid calculation and distribution such as property value, median household income, student needs, spending disincentives, pupil accounting, and categorical aids
- Disequalizing factors in school aid
- Sources of funding
- Distribution formulae
- Appropriate levels or targets of state support
- Progressive and regressive taxes
- Cash-flow issues—state and local levels
- School district accountability
- Incentive funding
- Fiscal efficiencies re: size of districts
- Reorganization and consolidation incentives
- Educational rights and needs of students

Study Group Members

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Letter of Transmittal

Herbert J. Grover
State Superintendent of Public Instruction
125 S. Webster St. #5C9
Madison, WI, 53702

Dear Dr. Grover:

In January 1986 you directed that an internal Department of Public Instruction study on school finance take place. You appointed me as chairperson of the study group with the responsibility to develop its membership. You asked that the study group's report be completed in time for your use in constructing the department's 1987-89 biennial budget.

The report has been completed and is hereby submitted to you. The completion of this report has been very challenging. I am grateful for the great effort and dedication put into this report by the study group. A massive amount of school-finance expertise and experience, as well as a wealth of other educational experience, was present in the study group. All were impressed by the importance of the work.

I am appreciative also of the many organizational representatives and governmental finance experts who participated in the 27 presentations made to us. Full cooperation and encouragement was given to us by all of these presenters.

The study was exhaustive. The study group recognized that the complexities and pressures surrounding school finance will always be present. Thus, the study became increasingly comprehensive as we attempted to make the report useful not only in preparation for the upcoming biennial budget, but in budget presentations and school-finance decisions for many years to come. The report is organized in a way to facilitate this.

Obviously a report which affects so many people in so many different ways will not be equally acceptable or satisfying to all. It is the study group's hope that any who read and use this report recognize the statewide context in which these recommendations are made and the importance of meeting statewide responsibilities and challenges.

Thank you for the opportunity to serve as chairperson of the School Finance Study Group. I am certain this report will be of value to you and to others working on behalf of the school children and citizens of our great state.

C. Richard Nelson

C. Richard Nelson, Chairperson
School Finance Study Group

Dedication

Of the 8 members of the study group, 7 join in dedicating this report to the other, our colleague and friend, Roland Mason Rockwell. Roland is retiring from a 36-year career in public service on September 19, 1986 (appropriately enough, the 3rd Friday in September).

Roland's entire professional life has been devoted to education, first as a teacher, then a principal, then a school-district administrator, and, for the last 19 years, as "Mr. School Finance" at the Department of Public Instruction. He is clearly a leader in his chosen field, and the rest of the study group wishes to publicly acknowledge his contribution.

There was never any question about where Roland stood on the subject of education. He was for it! "Even though," as he sometimes pointed out, "I don't have any kids of my own." He believed that schools are good not just for children but for society as a whole.

There was also never any question of where he stood on the subject of equalization. In a society where it is only natural that every parent, every locality, and every interest group always wants the best education for their own children, Roland saw clearly that the State of Wisconsin couldn't afford to show favoritism to any.

During 19 years of administering Wisconsin state aids for schools, he defended the concept of equalization against innumerable attempts to weaken or dilute it. Occasionally, some people who mistakenly believed he was politically naive accused him of being a "purist". They probably never realized that he took the term as a compliment.

Roland began teaching in 1950, shortly after the Wisconsin Legislature appointed the Commission on Improvement of the Educational System. The recommendations of that commission were largely enacted into law in 1949 and have been the basis for Wisconsin's school-finance system ever since. Roland often remarked on the wisdom of those far-sighted legislators and citizens. It is the hope of this study group that the following report, which owes so much to Roland's leadership and unwavering adherence to principle, will stand the test of time as well.

Highlights of the Report

This report contains treatments of 79 individual topics. Each topic is synopsized in a couple of sentences, and each has something useful to say about school finance in Wisconsin. However, some are weightier, more innovative, more pervasive, and more controversial than others. It is the purpose of these "Highlights" to spotlight those items.

State Support

Schools in Wisconsin have traditionally been financed from the property tax. It is a residual tax; that is, it is the tax of last resort, to which a school district must turn after all other sources of revenue have been accounted for. And it is a local tax, as opposed to the state-administered income and sales taxes. The property tax is strongly linked to the schools. On average, schools get more of their money from the property tax than from all other sources combined; and more property taxes go to schools than to all other jurisdictions combined.

This heavy reliance by the schools on property taxes is no longer appropriate. It is last century's solution applied to this century's educational system and next century's citizens.

The study group recommends that state-aid levels be set so that property taxes pay for only 1/3 (33.3%) of school costs, compared to the present 57.3% (prior to deduction of state credits). This goal is achievable by the end of the 1987-89 biennium, and it isn't as difficult as it may seem at first. For one thing, the state is already paying 10.9% of school costs in the form of tax credits; all it has to do is treat these existing dollars as school aid to move from 57.3% to 46.4%, already almost halfway to the goal of 33.3%. The study group recommends that the rest of the distance be made up by increasing the contributions from the state's traditional tax sources, such as the income and sales taxes.

The Income Question

For years, there has been an undercurrent of support for including a so-called "income factor" in the state's equalization-aid formula for schools. Many state study groups have looked at this proposal, but none of them recommended its adoption. Unfortunately, few have said why not.

The study group opposes the use of an income factor in the school-aid formula. The purpose of the formula is to equalize the revenue-raising ability of the state's 432 school districts. School districts raise their money from property taxation, and the equalization formula quite properly considers only property wealth in determining the size of aid payments to school districts. The fact that income levels vary among school districts is irrelevant: since a school district can't tax income, high and low income levels are equally meaningless to it.

This is not to say that the study group is insensitive to the problems experienced by low-income individuals who have difficulty paying their property taxes. But it believes in using the right tool for the job. School aids are paid to school districts, not to individuals. Anyone who wants to target money to individuals should use the aid

programs aimed at individuals: Homestead Tax Relief and Farmland Preservation credits.

In fact, that's exactly what the study group suggests. It recommends doubling these two exemplary programs. In order to finance this recommendation, the state should eliminate the per-capita component of the shared-revenue program. Per-capita moneys are paid without regard to need or ability to pay, and the study group believes they represent a less desirable use of scarce resources than Homestead and Farmland credits.

Cost Containment

The study group is also opposed to state-administered cost controls. Wisconsin tried that approach in the past and found it to be wanting. Does this mean that costs shouldn't be contained at any level? Of course not. They should be contained at the local level, and this report contains 8 specific recommendations for how to accomplish this, in addition to mentioning another 6 that were considered but not deemed appropriate at this time.

One way to contain costs is to allow school districts to organize themselves to achieve greater efficiency. The study group recommends letting the board of any school district vote itself out of existence. The state superintendent could then combine it with a neighboring district. The resultant district would get a substantial aid bonus for the next 3 years.

Another approach is to tighten up the spending disincentives already built into the equalization-aid formula, and the study group recommends that as well, in the form of a lowered aid level for above-average costs.

Children at Risk

For a certain segment of the school population, which has come to be known as "children at risk", the traditional educational system has failed. The state must redouble its efforts to keep children at risk in school and to provide them with appropriate educational opportunities. To do this, additional state aid should be generated by weighting at-risk pupils in the equalization-aid formula. However, districts would only be able to receive the money so generated by applying for it, agreeing to meet specified program criteria, and having their programs approved by the state superintendent.

Educational Technology

The state superintendent has frequently stated his belief that teachers need and deserve higher salaries. Other people strongly advocate holding down overall school costs. Conflicting goals? Not at all. Wisconsin simply has to make optimum use of the time and talents of its best teachers by spreading their influence over a wider audience. Research has already shown several ways to do this—by increasing class size, through effective use of teacher aides to handle auxiliary duties, and (as this report recommends) via interactive video networks.

But this is an evolving area, and no one source has a monopoly on all the good ideas. Therefore, this report contains 2 recommendations to foster flexible, innovative ways

of cutting costs and/or delivering better services: Educational Laboratory Grants and an Educational Technology Authority. Lab Grants would allow individual classrooms to become laboratories for new ideas; the ideas that work best would be documented and made available for all. The ETA would be authorized to produce, provide, and promote educational technology in Wisconsin school districts. It would be a profit-making, quasi-public body responsive to the marketplace and to rapidly changing technology. Both of these recommendations are intended to put Wisconsin on the cutting edge of research on effective schools so it can consistently get the cost-saving benefits of new advances in the state of the art.

Cash Flow

In recent periods of "fiscal constraint", the state has employed various methods to improve its financial position. One such approach was to delay payments of school aids, a technique which resolved 1 large problem at the expense of creating 432 smaller ones. The study group is sensitive to timing considerations—for school-aid payments, for individual property-tax bills, and for tuition payments—and the report contains recommendations on all of these matters.

Part 1: Introduction

This report is the product of an internal Department of Public Instruction study. The purpose of the study was to assess the present status of school finance in Wisconsin and make recommendations regarding how public schools can best be funded. (The charge to the study group is set out at length in the Preface.) The final report emanating from the study was intended to provide assistance to the state superintendent in the development of his 1987-89 biennial budget request.

There are many recommendations and other ideas in this report. Recommendations for both immediate and future action are made. Because this profusion of topics could be confusing, the report is organized in a way intended to facilitate its understanding and usage. "Highlights of the Report" are introduced immediately. This "Introduction" is followed by Parts 2 and 3, which provide a background of both philosophy and fact. The bulk of the report—comprising 79 individual topics—appears in these 4 parts:

- Part 4: Ideas Ready for Action
- Part 5: Ideas for Future Consideration
- Part 6: Ideas Which Should Be Opposed
- Part 7: Other Ideas Considered

Each of these 4 parts is divided into 5 sections according to major theme:

- Section X.1: State Support
- Section X.2: General Aids
- Section X.3: Categorical Aids
- Section X.4: Factors Affecting School Costs
- Section X.5: Other Topics

The sections are further divided into articles, each of which contains discussions on 1 or more of the 79 individual topics.

The study group aimed at developing a product with a certain permanence—one which will stand the test of time and changing conditions. The recommendations in this report are made with a statewide responsibility in mind. Since Wisconsin has 432 different school districts, various recommendations will affect them in different ways.

The report attempts to take a very complex and emotional issue—school finance—and make recommendations that are understandable, consistent, and useful. All of this was done with the belief that there is nothing more important to our state and nation than the education of our youth. This important function should be adequately funded in the fairest possible manner.

Part 2: Philosophy

Section 2.1: Historical Background

Throughout humanity's long and arduous efforts at deciding who actually wields power and who legitimately should do so, there have been many theories, many experiments, and many failures. The American experiment was based on the belief of the founding patriots that too much power concentrated in the hands of too few people inevitably led, at best, to inefficiency and neglect of the people and, at worst, to tyranny and oppression. Their solution was to divide the power of the federal government into 3 co-equal branches—the legislative, the executive, and the judicial. Furthermore, the federal government would have only those powers delegated to it by the sovereign states, which would retain the nondelegated powers. A system of checks and balances was designed to ensure that none of these agencies, given the passage of time, could usurp the powers properly belonging to the others.

This concept of separation of powers has withstood the test of time. The United States has the world's oldest written constitution, the world's longest demilitarized border, the world's strongest economy, and a political system which has regularly, for over 200 years, accommodated differences of opinion with peaceful changes of power. Small wonder it is a model for the rest of the world.

In Wisconsin, the separation of powers is further evidenced by the relationship between the state and its 432 local school districts. That partnership, in which the state sets the broad policies for education and the local school districts apply them to the particular cases with which they alone are most familiar, has supported and complemented the overall American experiment.

Section 2.2: Education As a State Function

The 10th Amendment to the US Constitution says that "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Since the US Constitution does not mention education, it is a power reserved to the states.

The Wisconsin statehood process specifically accepted the responsibility for education by devoting Article 10 of the Wisconsin Constitution to the subject: "The legislature shall provide by law for the establishment of district schools, which shall be as nearly uniform as practicable...."

The Wisconsin Legislature expanded on that concept in Statute 121.02: "It is declared to be the policy of this state that education is a state function and that...in order to provide reasonable equality of educational opportunity for all the children of this state, the state must guarantee that a basic educational program be available to each pupil...."

In short, while Wisconsin has left much of the day-to-day operation of the schools in the hands of local officials, there is no doubt that it is the state, and the state alone, which is accountable for seeing that all of Wisconsin's children receive equal educational opportunities.

Section 2.3: General Principles

This study is predicated on the study group's belief in the following basic principles:

- Universal education
- Educational excellence
- Equity
- Appropriateness
- Economy
- Accountability
- Freedom of choice
- Stability
- Ease of administration

The study group considered a wide variety of topics. It made a conscientious effort to consistently apply the above principles to each topic in arriving at its recommendations.

Section 2.4: Major Taxes

There are 4 major taxes available to state and local governments:

- Corporate income tax
- Personal income tax
- Sales tax
- Property tax

Each of these taxes has its own advantages and disadvantages. Each can be measured against such criteria as progressivity, timeliness, administrability, and stability. This overview will list only a few general conclusions drawn from the study group's more detailed discussion.

Since each tax has its strengths and weaknesses, the ideal tax system uses a mix of all of them. But not all taxes are appropriate for all levels of government. For instance, a municipality with a local sales tax might lose shoppers to a neighboring community, but it's unlikely that the same shoppers would leave Wisconsin to escape a state sales tax.

Similarly, not all taxes are appropriate for all purposes. The principal beneficiaries of various property-oriented services like fire and police protection, snow and garbage removal, and water and sewerage are property owners; therefore it's appropriate to finance such services through property taxation.

Lastly, not all taxes are equal in the eyes of the federal government. As a result of 1986 tax-reform legislation, federal taxpayers can get the equivalent of a 15% or 28% rebate on state and local income and property taxes. This is not true of sales taxes. The federal government has made the sales tax a disfavored source of revenue.

Section 2.5: Rationales for State Aid

There are many reasons for providing state aids to local units of government. Researchers often find it convenient to organize these reasons under the following headings:

- Equalization of tax capacity
- Property-tax relief
- Encouraging the provision of "merit goods" (services which are to the benefit of society as a whole)
- Recognition of "spillovers" (services for which it is difficult or impossible to determine the primary beneficiaries)
- Promoting decentralization of state functions to achieve better efficiency
- Payment for services provided to the state

All but the last of these have characterized the state's program of general equalization aid to school districts. However, in recent years there has been so much emphasis on the property-tax-relief aspects of aid (and school-aid credit) payments that the other features of school aids are in danger of being ignored, de-emphasized, and possibly compromised.

The study group reaffirms that education is a state function; that fact alone is adequate justification for the state to pay a substantial share of school costs. Furthermore, education is for the benefit of society as a whole, not just the locality where the school is located. Equalization of tax capacity is a matter of basic justice for taxpayers. All of these reasons—as well as property-tax relief—serve as justifications for state aid to local school districts.

Part 3: Setting the Scene

Few, if any, topics receive more attention from state policymakers and local taxpayers than school finance. Items such as tax capacity, operating cash balance, tax credits *vs.* direct aids, and statewide salary schedules have become controversial issues. School-finance issues cause tremendous pressures among local school boards, their publics, and their staffs. The same pressures build among holders of other public offices and their constituents. Interest groups at both the local and state levels are emphatic and persistent in their demands.

School-finance systems become easy victims of such pressures. Compromises and temporary accommodations are made, particularly when commitment to, or even understanding of, school-funding principles is lacking. The fallout of such conflict results in changing concepts, changing philosophies, short-term remediation, and unrealistic promises.

The ability and willingness of our citizens to finance our schools is in question. Competition for tax dollars is intense, the resistance to taxes of all kinds is increasing, and the ability of Wisconsin's changing economy to maintain present taxing levels is suspect.

In addition to the erosion of monetary support for the schools, moral support is also declining. The changing population pyramid has resulted in fewer people having a direct stake in the schools. Confidence in public education is waning.

But, while support for the schools is declining, demands on them are increasing. More is expected and required of our schools in this era of both knowledge and technological explosions. The increasing numbers of children at risk expands the demands made on schools. And there is a serious teacher shortage soon to be upon us, bringing with it the need for salaries competitive enough to attract the best and the brightest of our young people into teaching.

It was with a recognition of these environments and a full sense of the urgency of its charge that the study group embarked upon its task. The resultant report should provide a blueprint for the future, a future in which school districts can continue to serve the children of Wisconsin effectively while maintaining the support of their communities.

The study group believes that money spent on the schools is an investment, not an expense. A skilled, well educated work force and citizenry is essential to Wisconsin. A sound educational system not only provides that work force, it minimizes the need for other programs like welfare and prisons, to say nothing of limiting the waste of human potential resulting from unemployment, underemployment, teenage pregnancy, and the vicious cycle of poverty.

This study aims at a statewide perspective and sets its sights on the long range. The study group is realistic enough to realize that not all of its recommendations will be immediately accepted. But they should provide an agenda for continuing policy discussion.

Part 4: Ideas Ready for Action

Section 4.1: State Support

Education is a state responsibility. Wisconsin has chosen to exercise that responsibility through a system of state/local partnership. It is a continuing question as to how much of the total burden each of the partners should support—and how.

Article 4.1.1: Level of Support

Education benefits the entire state, and the state should take the lead in paying for it. The property tax should be used mainly to pay for property-oriented local services.

Topic 01: Upper Limit for Property Taxes. By the end of the 1987-89 biennium, the property tax should be limited to 1/3 of comprehensive annual school costs, and state support should be increased accordingly.

Topic 02: What Counts As State Support. In calculating the level of state support of public schools, any aids paid directly to school districts and any aids paid to municipalities to offset school property taxes should be included.

Topic 03: Data Collection for Interstate Comparisons. The Legislature should pass a resolution requesting organizations which collect nationwide school-finance data to begin collecting data on indirect state support of education, such as property-tax credits, to permit accurate interstate comparisons of school-support levels.

Article 4.1.2: The Income Question

The basic source of revenue for school districts is the property tax. The basic source of revenue for individuals is cash income. Poor school districts have low amounts of taxable property per pupil. Poor individuals have low amounts of income per household. The state helps poor school districts by direct payments of equalization and supplemental aids. The state helps poor individuals by direct payments of Homestead Tax Relief and Farmland Preservation aids. Programs to help poor school districts should not be confused with programs to help poor individuals. Different tools are required to do different jobs.

Topic 04: Relief for Individual Taxpayers. The amount of Homestead Tax Relief should be doubled from its present (1986-87) level. The amount of the Farmland Preservation program should be increased sufficient to provide the same relief relative to income as the increase in Homestead Tax Relief. The increases should be financed from revenues currently being used for the per-capita component of shared revenues.

Topic 05: Explanation of Homestead Credit Program. The Department of Revenue should provide an explanation of Homestead Tax Relief to be included with each property-tax bill.

Article 4.1.3: Credits *vs.* Direct Aids

The 1985-87 biennial budget act began a major transition in the area of local assistance, moving away from aids paid directly to local units of government and toward tax credits on individual property-tax bills. Tax credits are, in effect, indirect aids to local governments. The transition process has been fraught with confusion, as different groups try to take credit for the same dollars more than once. Simplicity and full disclosure are needed.

Topic 06: School-Levy Tax Credit. The school-levy tax credit should be calculated on an equalization basis.

Topic 07: Form of Payment. School tax credits should be paid in the form of direct aids to school districts, regardless of how they are reported on property-tax bills.

Topic 08: Full Disclosure on Property-Tax Bills. Full disclosure of the state's share of local school-district cost should be shown as a single figure in the state-aid column on property-tax bills.

Article 4.1.4: Cash Flow

The timing of payments, not just their amount, is important to school districts and individuals as well as to the state.

Topic 09: Payment Schedule for Equalization Aid. The state should return to the payment schedule under which equalization aid is paid to school districts in installments of 10% in the months of August through February (7 months) and 30% in June.

Topic 10: Notice of Change in Payment Schedule. The state should be required to give a 2-year advance notice for any change in the schedule of aid payments to school districts.

Topic 11: Installment Payment of Property Taxes. Property-tax payment schedules for individual taxpayers should include a 3rd option for 12 equal monthly installments.

Article 4.1.5: Sources of Funding

Topic 01 proposes a large increase in state school aid. It would be irresponsible to make such a recommendation without saying where the money should come from.

Topic 12: Taxes. Increased state revenues necessary to finance the recommended aid increase should come from traditional state tax sources, such as income and sales taxes. Criteria which the study group believes are important include (1) ability to pay and (2) relative advantage to Wisconsin taxpayers in light of federal tax reform.

Section 4.2: General Aids

General aids are those paid to a school district as general support for its entire program. The most important form of general aid is equalization aid, which pays relatively more to poor districts than to rich ones. The association between "general aid" and "equalization aid" is so strong that people often assume that all general aids

are equalizing. Not so. Some other types of general aid are nonequalizing (paid without regard to local wealth) or even disequalizing (favoring the rich over the poor).

Article 4.2.1: Disequalizing Factors

The basic principle of the equalization formula is that "School districts which spend at the same level should tax at the same rate." To achieve this ideal, various disequalizing factors—such as costs not subject to sharing and losses of tax base not covered by state aid—need to be eliminated.

Topic 13: Source of TIF Aids. All school districts containing tax-incremental-finance (TIF) districts should be eligible under the equalization formula for supplemental aid, and the aid should be paid to school districts as the first draw on the shared-revenue appropriation.

Topic 14: Limit on Debt-Service Cost. All costs should be shared to preserve equalization; specifically, the $90-per-pupil limit on sharable debt-service cost should be eliminated.

Topic 15: Operational Debt Service. The provision of Statute 67.12 (12) (a) which permits school districts to borrow money on a long-term basis for current operating expenses should be amended to prohibit such practices.

Topic 16: Current-Year Capital Projects. Statute 120.10 (10m), which authorizes school districts to levy a tax for "current and future capital expenditures related to buildings and sites" should be amended to delete the words "current and".

Topic 17: Amortization of Building Costs. The cost of buildings constructed with "future capital expenditures" tax levies under Statute 120.10 (10m) should be amortized over 20 years, with the annual amortized cost subject to full sharing in the equalization formula.

Article 4.2.2: Formula Factors

The equalization formula has 3 factors set at the state level: the primary guaranteed valuation per member, the secondary guaranteed valuation per member, and the primary ceiling cost per member. It also has 3 factors determined locally in each school district: the shared cost, the membership, and the equalized valuation. Adjusting any of these factors produces a redistribution of aid but does not necessarily change the total amount distributed.

Topic 18: Current- or Prior-Year Data. The local factors in the equalization-aid formula should be on either an all current-year or an all prior-year basis.

Topic 19: Primary Ceiling Cost per Member. The primary ceiling cost per member should be the state average shared cost per member (100% of the year from which the shared cost is derived instead of 110% of the year prior to that).

Article 4.2.3: Mechanics of Computation

The mechanics of computation usually seem substantially less important than major policy decisions, which is why they are all too often ignored. However, they are not

without their effects, and those effects can combine to produce some surprising, and often unintended, results.

Topic 20: Sequential Calculation of Aids. All forms of aid computed using the equalization formula should be calculated sequentially, each one building on its predecessor. If the Legislature creates a form of aid which uses the equalization formula but which does not establish an appropriate place in the sequence for it, the DPI should immediately seek corrective legislation.

Topic 21: Downward Rounding of Guaranteed Valuation. The guaranteed valuation per member should be rounded to the next lower $100 needed to fully distribute the appropriation; any excess of appropriation over aid generated should lapse.

Topic 22: Correction of Inaccurate Payments. If payments of aids using the equalization formula in any one year are based on data which is subsequently revised or corrected, the DPI should have the authority to recalculate the aids to which the affected districts are entitled and adjust the following year's aids accordingly.

Topic 23: GAAP Data for Computations. All aids computed using the equalization formula should use costs and receipts which reflect figures from the Annual Reports based on generally accepted accounting principles (GAAP); specifically, this would entail using a modified accrual method of reporting costs and receipts.

Article 4.2.4: Appropriations

Disequalizing and unused general aids should be repealed. Categorical aids paid out of the general-aid appropriation should be given their own appropriations, where they can rise or fall on their own merits.

Topic 24: Appropriations To Be Eliminated. The following aid programs, paid from the equalization-aid appropriation under Statute 20.255 (2) (ac), should be eliminated:

- minimum aid under Statute 121.10
- special adjustment aid under Statute 121.105
- supplementary integration aid under Statute 121.85 (6) (c)
- minority census tract aid under Statute 121.85 (6) (g)

Topic 25: Appropriations To Be Listed Separately. Separate appropriations should be created for the following aids currently paid from the equalization-aid appropriation under Statute 20.255 (2) (ac):

- integration aids under Subchapter 6 of Chapter 121
- children at risk aid under Statute 118.153 (4) (b)
- property reassessment aid under Statute 121.09 (1)
- flat aid to county handicapped children's education boards under Statute 121.135

Section 4.3: Categorical Aids

Categorical aids are those paid to a school district to offset certain categories of expenditures for particular school programs or targeted pupil populations. They may serve as incentives for beginning new programs or as compensation for implementing mandated ones. They are usually nonequalizing (that is, paid without

regard to the district's own ability to pay) but those paid via pupil weighting are equalizing.

Article 4.3.1: Specific Programs

Categorical aids have a place in the total school-finance program. They are recognized as a legitimate mechanism for advancing educational and social policy. They do have some disadvantages, however.

Topic 26: Regular Review of Existing Aids. The state should review all categorical-aid programs on a regular basis. Categorical aids should be discontinued when they no longer serve their original intent.

Topic 27: Current-Year Tuition. State tuition payments should be made on a current-year basis as is presently done for inter-district tuition. Statute 115.28 (9) should then be repealed.

Topic 28: Full Reimbursement of Tuition. State tuition payments should be made in full. If there is a shortfall in the state tuition appropriation, the state superintendent should immediately go the the Joint Finance Committee for a supplemental appropriation.

Topic 29: Tuition for EEN Foster/Group Home Pupils. The state should pay tuition under Statute 121.79 for handicapped children placed by public agencies in foster and group homes except when the parents reside within the school district where the foster or group home is located.

Topic 30: Out-of-State Tuition. Children who are residents of other states are sometimes placed in Wisconsin foster homes, child-care institutions, substance-abuse programs, and other alternative living arrangements or facilities. The DPI should propose legislation that requires the sending state or placing agency to provide reimbursement for the costs incurred in educating these children.

Topic 31: Room and Board Placements. Costs associated with inter-district room and board placements should be reimbursed before any proration of handicapped aids.

Article 4.3.2: Appropriations

The appropriation schedule should be amended to eliminate aids no longer required and to provide full disclosure for a program currently buried within handicapped education aid.

Topic 32: Appropriations To Be Eliminated. The following aid programs should be eliminated:

- handicapped individuals aid under Statute 115.53 (1), paid from the appropriation under Statute 20.255 (1) (fr)
- private-school health-service aid under Statute 118.255 (4), paid from the appropriation under Statute 20.255 (2) (b)

Topic 33: Appropriations To Be Listed Separately. A separate appropriation should be created for the following aid currently paid from the handicapped-aid appropriation under Statute 20.255 (2) (b):

- school-age parent aid under Statute 115.93

Section 4.4: Factors Affecting School Costs

The DPI should continue to actively promote methods of getting the maximum possible value out of every dollar spent by Wisconsin's public schools. Specifically, it should assist local school districts in studying their organization, promote cooperative efforts between districts, assist districts in trying to reduce unusually high spending, and demonstrate the benefits of educational technology.

Article 4.4.1: District Organization

Smaller school districts sometimes find themselves in situations that adversely affect fiscal efficiency, curricular diversity, and their ability to meet state standards. In such instances, greater opportunities for voluntary cooperation between districts ought to be promoted or possible restructuring of the districts studied.

Topic 34: Voluntary Dissolution. School districts which determine that they should cease to exist should be allowed to do so. The statutes should be amended to permit a school district, by a majority vote of the school board and approval by a majority of the electorate at a referendum, to petition the state superintendent to dissolve the district. The state superintendent shall review the request, may hold hearings on the request, shall approve or deny the request, and shall, upon approval, assign the territory of the district to another district or districts.

Topic 35: Reorganization Incentives. School districts which consolidate pursuant to Statute 117.06 or are reorganized pursuant to an order of the state superintendent should be eligible, as reorganized districts, to have their primary and secondary guarantees and their primary cost ceiling each increased by 5% for a period of 3 years following the effective date of reorganization.

Article 4.4.2: Cooperative Efforts

School districts can cooperate with each other using tuition agreements, multi-district cooperatives under Statute 66.30, and the coordination provided by the state's 12 cooperative educational service agencies (CESAs).

Topic 36: CESA Financing. General administrative funding for CESAs should be financed jointly by the state and the local school districts within each CESA. Each CESA should receive $150,000 annually—$75,000 from the state, $37,500 from districts based on equal payment per district, and $37,500 from districts based on equal payment per pupil.

Article 4.4.3: Cost-Containment Techniques

School districts which spend at a level considerably above the state average have an additional responsibility to justify their spending levels. The equalization-aid formula should be adjusted to discourage high costs.

Topic 37: Annual Cost Justification Statement. Districts which have a cost per pupil greater than 125% of the state average should be required to annually submit an explanation to the state superintendent which identifies why the district spends at that level. The state superintendent should review the explanation, hold a hearing in the district at her or his option, and provide the school board with appropriate recommendations.

Topic 38: Secondary Guaranteed Valuation per Member. The secondary guaranteed valuation per member should be the state average equalized valuation per member (100% instead of 106%).

Article 4.4.4: Educational Technology

Education is highly labor-intensive. The private sector defines "productivity" as total output divided by the number of workers. By this definition, the productivity of the educational system (the pupil-staff ratio) has been steadily declining. Other sectors of the economy have found ways of improving productivity by turning to capital, to entrepreneurial ability in the free market, and--perhaps most dramatically—to the use of technology. Education could profit from the same approaches.

Topic 39: Interactive Video Networks. Technology presently exists for students to participate in a specific class taught by a teacher in another district by the use of interactive video networks. In 1987-88, the state should fund a DPI planning grant of $100,000 to determine the feasibility of interactive video networks between identified clusters of school districts. In 1988-89, the state should fund a DPI-supervised pilot program of $250,000 for an interactive video network.

Topic 40: Educational Laboratory Grants. A program of Educational Laboratory Grants should be established whereby Wisconsin school districts would try innovative methods to (1) make more effective use of their best teachers and (2) provide educational programs in low-demand, high-cost areas.

Topic 41: Educational Technology Authority. Educational technology advances at a rate much faster than government and its bureaucratic structure can handle. The Legislature should create a quasi-public Educational Technology Authority, with a mandate to produce, provide, and promote educational technology in Wisconsin school districts. Aside from a one-time-only start-up appropriation, the ETA would be self-supporting on the basis of products and services it sells.

Section 4.5: Other Topics

Topics considered under this heading are grouped under the headings of "Special Populations", "School District Operations", and "Property Assessment Practices".

Article 4.5.1: Special Populations

There are special populations among the 3/4 million school children of Wisconsin who are in danger of ending up illiterate or semiliterate, unemployed or underemployed, prone to crime and other destructive behavior, and—perhaps worst of all—parents of other children trapped in the same cycle. They will inevitably represent a cost to society. The most desirable cost is the one which will break the cycle and turn the person into a productive member of society. The following recommendations are not the complete answer, but they are part of it.

Topic 42: Children-at-Risk Aid. The current statutory provisions concerning at-risk students should be modified as follows:

- An equalization-aid weighting factor of 1.2 should be applied for all at-risk pupils in a district to produce a district entitlement funded by a continuing appropriation.

- School-based proposals for use of the funds generated by the weighting factor should be developed with the involvement of teachers, principals, and parents.
- Proposals would have to be approved by the state superintendent before any funds are released.

Topic 43: P-5 Program. The present P-5 program in the Milwaukee Public Schools should be expanded from the present 14 elementary schools to 30, and the DPI should include in its budget funds adequate to cover such an expansion.

Article 4.5.2: School District Operations

Since education is a state responsibility, and since the state alone is in a position to ensure equal educational opportunities, it must at times demand that school districts provide certain services. However, the state should be judicious in issuing mandates, being especially careful to promote ends instead of means. The state is not obliged to provide additional funding to accompany new mandates.

Topic 44: Mandates and Standards. The DPI should maintain a list of mandates appearing in the statutes and administrative rules and periodically review the list to identify obsolete mandates which should be repealed.

Topic 45: Pupil-Accounting System. The recommendations of the DPI's Pupil-Accounting System Committee are endorsed by the School Finance Study Group. A uniform pupil-accounting system should be an integral part of school finance in Wisconsin.

Article 4.5.3: Property Assessment Practices

Since schools are the heaviest users of property taxes, the DPI has a legitimate interest in their equitable administration.

Topic 46: Periodic Review of Property-Tax Exemptions. The Department of Revenue should issue a biennial report to the Legislature on the fiscal effects of the state's various property-tax exemptions. For this purpose, it should be directed to maintain data on the valuation of exempt property.

Part 5: Ideas for Future Consideration

Section 5.1: State Support

[No Articles under Section 5.1]

Section 5.2: General Aids

Article 5.2.1: Formula Factors

Wisconsin has 432 school districts. 373 of them operate Grades Kindergarten through 12 (K-12); 49 elementary districts operate only Grades K-8; and 10, the union high school (UHS) districts, operate only Grades 9-12. K-8 and UHS districts share the same territory, but each serves only a subset of the total pupil population.

Topic 47: Assigned Valuation. The state statutes should be amended to create a new quantity called "assigned valuation" for use in place of equalized valuation in calculating school aids. The assigned valuation would not change the level of aid but would permit comparability between UHS, elementary, and K-12 districts.

Section 5.3: Categorical Aids

Article 5.3.1: Specific Programs

Topic 26 recommended that categorical-aid programs be reviewed regularly. The following topic suggests a place to start.

Topic 48: Transportation Aid via Pupil Weighting. The DPI should in 1987-88 investigate the possibility of paying transportation aid via the equalization formula using pupil weighting based on distance transported.

Section 5.4: Factors Affecting School Costs

[No Articles under Section 5.4]

Section 5.5: Other Topics

Article 5.5.1: Special Populations

The responsibility for educating a child—either directly or by paying someone else for doing it—normally lies with the school district of residence. But what happens when it's not possible to tell which district that is?

Topic 49: Residency Definition. There are difficulties involved in identifying a child's parent or legal guardian in all cases and in determining the residence of children who do not live with their parents. In these circumstances it is frequently difficult to establish responsibility for provision of, and payment for, educational programs. The study group recommends that the department collect, analyze, and classify data relating to this issue.

Topic 50: Children in Residential Institutions. The study group is aware that the Department of Health and Social Services (DHSS) has received, and has supported in concept, proposals that would result in public educational agencies being assigned the responsibility for providing and funding educational programs for children living in child-care institutions (CCIs) and correctional facilities. The DPI and the DHSS should conduct a cooperative comprehensive review of the proposals and their potential impact on public educational agencies, social-service agencies, and the judicial system before any transfer of functions is implemented.

Article 5.5.2: Property Assessment Practices

Since schools are the heaviest users of property taxes, the DPI has a legitimate interest in their equitable administration.

Topic 51: Variation in Assessment Ratios among Classes of Property. The study group is aware that some municipalities may have wide differences in the assessment ratios among classes of property. For example, it is possible that a municipality could assess residential property at 125% of true value, while assessing commercial property at only 75%. While the assessment ratio for the entire municipality averages out to 100%, an inequitably heavy burden falls on the overassessed class of property. The DPI should cooperate with the Department of Revenue in seeking a way to minimize the difference in assessment ratios among classes of property, with a long-range goal of having each class of property assessed within 10% of true value.

Topic 52: Earlier Certification Date for Equalized Valuations. The state statutes should be amended to specify an earlier date for the Department of Revenue to certify equalized valuations of school districts to the DPI. This would permit use of current data during school-district budget deliberations.

Part 6: Ideas Which Should Be Opposed

Section 6.1: State Support

Article 6.1.1: Sources of Funding

So many people are interested in finding ways to reduce the dependence of schools on the property tax that the study group heard a variety of proposals for what to put in its place.

Topic 53: Local-Option Taxes. The study group heard recommendations that local school districts be given the optional authority to levy taxes other than property taxes. It found little, if any, merit in local-option taxes for school districts. They are difficult to administer and would be likely to stymie the achievement of greater equalization for either taxpayers or students. Local-option taxes should be opposed.

Topic 54: User Fees. Education is for the good of society as a whole and should be funded by society as a whole. The state superintendent should oppose any efforts to fund school costs from user fees.

Topic 55: Earmarked Proceeds from State Lottery. In the event a state lottery becomes part of Wisconsin's revenue program, such receipts should be placed into the state's general fund. Support for Wisconsin's public schools should not be dependent in any way on the earmarking of funds from any specific source.

Section 6.2: General Aids

Article 6.2.1: Disequalizing Factors

In Part 4, the study group proposed to eliminate some of the existing disequalizing factors in the school-aid formula. Here in Part 6 it proposes to resist creating any new ones.

Topic 56: Excluding Costs from Sharing. The study group has heard a variety of suggestions for excluding certain school costs from sharing under the equalization formula. Any time a cost is excluded from sharing, it places poor school districts at a disadvantage and erodes the concept of equal tax rate for equal cost per pupil. All such suggestions should be opposed.

Topic 57: Flat Aids. The study group has heard suggestions to the effect that each school district is entitled to some "basic" or "minimum" amount of state support for each pupil. Such suggestions ignore the fact that the state has provided a very real—and in some cases very substantial—financial resource by permitting school districts to tax the property within their boundaries. Wisconsin wisely abandoned flat aids in 1973. The DPI should oppose any form of this disequalizing type of aid.

Topic 58: Ongoing Hold-Harmless Aids. The DPI should recognize that reality sometimes dictates that significant shifts in school-finance policy be accompanied by some type of hold-harmless aid to cushion the impact on adversely affected school districts. It should be prepared to accept temporary hold-harmless aids to bridge transition periods caused by changes in state policy. However, it should oppose any

type of hold-harmless aids which (1) are ongoing or (2) seek to eliminate or minimize the effects of changes in local conditions not caused by state policy.

Article 6.2.2: Formula Factors

Included under this heading are the 3 modifications to the equalization-aid formula most frequently advocated by people who are trying to make it more responsive to economic variables they see as important.

Topic 59: The Income Factor. The equalization-aid formula should not include a specific income factor. School districts measure their ability to pay by local property wealth, which is offset by state equalization aid, derived in part from income taxes. Individuals measure their ability to pay by income, which is recognized by Homestead Tax Relief and Farmland Preservation programs. Increases in these latter 2 programs (as recommended by Topic 04) will serve to target relief from property taxes to low-income taxpayers far more precisely than the use of an income factor in the school-aid formula. Different tools are required to do different jobs.

Topic 60: Regional Cost Differences. Efforts toward factoring regional cost differences into the equalization-aid formula should not be pursued. Consistency in the application of the equalization-aid formula across the state is essential.

Topic 61: Municipal Overburden. The concept of municipal overburden arises periodically. The idea is that schools in large urban areas suffer because their tax base is "overburdened" by the demands of municipal services. This contention is not adequately supported by theory or evidence. Any suggestions that the school-aid formula be modified to recognize municipal overburden should be opposed.

Section 6.3: Categorical Aids

Article 6.3.1: Specific Programs

The study group didn't hear many specific recommendations for aid to parochial schools during its deliberations, but it is aware that such aid is on the agenda of several national groups (not least of which is the White House), and that the issue will probably never go away.

Topic 62: Vouchers and Tuition Tax Credits. The study group recommends that proposals for either vouchers or tax credits (or tax deductions) be opposed because of potential problems of accountability and constitutionality.

Section 6.4: Factors Affecting School Costs

Article 6.4.1: Cost-Containment Techniques

The study group has proposed 8 workable cost-containment techniques in Section 4.4 (Topics 34-41). That package, taken as a whole, will be more effective and equitable than a rerun of the previous bad experience with state-administered cost controls and levy limits.

Topic 63: State-Administered Cost Controls. The DPI should oppose state-administered controls on school-district costs or levies.

Section 6.5: Other Topics

[No Articles under Section 6.5]

Part 7: Other Ideas Considered

Section 7.1: State Support

There are many different methods by which the schools could be funded. Although the following ideas were not recommended, they are discussed here to provide a record of the study group's reasoning.

Article 7.1.1: The Income Question

The idea of using income as a basis for collecting money is an attractive one, as evidenced by the number of times it keeps recurring, but it's not without its problems.

Topic 64: School District Power To Tax Income instead of Property. Several individuals and organizations have recommended that school districts shift from the property tax to an income tax for their principal revenue source. The study group does not recommend such a shift at this time. Further study of the ramifications of such a change is needed.

Article 7.1.2: Sources of Funding

There were a couple of ideas raised with respect to sources of funding that weren't bad ideas, but which the study group felt weren't as good as the options it ended up recommending in Part 4.

Topic 65: School Taxes off Property. The study group reviewed several proposals dealing with the removal of school taxes from the property tax. The group rejected as unrealistic the idea that full removal take place. However, it recommended a significant decrease in (1) the overall level of property taxes by increasing state aid to school districts and (2) the impact of property taxes by increasing the Homestead Tax Credit and Farmland Preservation programs of state aid to individuals.

Topic 66: Existing Tax Sources. The study group considered raising more money for the schools from existing tax sources—such as the corporate income tax and a statewide property tax—but chose instead to concentrate on major tax sources which would not have to be more than doubled to produce the amount of money needed.

Section 7.2: General Aids

Article 7.2.1: Disequalizing Factors

There are some disequalizing factors that the DPI can't do anything about, and there are some that aren't worth the effort it would take to get them corrected.

Topic 67: Federal Aid As a Pseudo-Tax Base. The study group discussed treating federal impacted-area aid as the money generated by a hypothetical local tax base (a "local resource" under federal regulations), rather than as a receipt offsetting the shared cost, but chose not to pursue the matter at this time.

Topic 68: Zero-Aid School Districts. The study group recognized that so-called "zero-aid districts" (those which do not receive any equalization aid or school-aid tax credit because they have very high tax bases) have an advantage over other districts because they have access to more financial resources. It recognized that this situation is the largest single disequalizing factor in the school-finance picture. However, the Wisconsin Supreme Court decision in *Buse* vs. *Smith* prevents the school-aid formula from rectifying these disparities.

Section 7.3: Categorical Aids

Article 7.3.1: Specific Programs

Usually when a new form of categorical aid is created or when an existing one experiences substantial growth, it reduces the amount of money available for tax-base equalization. The study group is concerned about the erosion of equalization aid, which is the cornerstone of the state's share of school finance.

Topic 69: General Approach to New Aids. The study group considered recommending a policy that any new forms of categorical aid must either be calculated via the equalization formula or funded out of some specifically named existing categorical appropriation. However, such a requirement would be unduly inflexible, so the study group simply states its hope that erosion of equalization aid will be avoided whenever possible.

Topic 70: Freeze on Handicapped Aid Appropriation. The study group considered but did not recommend a freeze in the handicapped-aid appropriation at or below its current level. This would have reversed the trend whereby handicapped aid over the long run cuts more deeply into the amount of money available for tax-base equalization. It would also have meant a long-term erosion of the 63% reimbursement level statutorily specified for the cost of handicapped programs.

Section 7.4: Factors Affecting School Costs

Article 7.4.1: District Organization

School-district structure should be reviewed on a periodic basis to determine that all districts are organized in the best possible manner to deliver desired programs in an effective and efficient manner. This is easier to say than to accomplish. The ideas below were discussed by the study group, but set aside in favor of the approaches in Article 4.4.1.

Topic 71: Reorganization of Small School Districts. The study group heard evidence that very small school districts (10-40 pupils per grade) have costs which average up to $1500 per pupil more than even moderately larger districts, and that such high costs do not produce more comprehensive programs for children. It discussed ramifications of either requiring or strongly promoting the reorganization of very small school districts but rejected consideration of that approach in favor of recommending incentives for reorganization (Topic 35).

Topic 72: Comprehensive K-12 Structure for All School Districts. The study group reaffirmed the belief that a school district which operates all grades from Kindergarten through Grade 12 generally is better able to provide effective curriculum coordination and make optimum use of its resources than a dual system

where separate elementary districts feed into a single high school. The study group discussed the ramifications of a requirement that all school districts be required to reorganize into K-12 districts, but did not so recommend.

Article 7.4.2: Cooperative Efforts

The study group heard a number of suggestions regarding the efficiencies that might be achieved if support services (such as pupil transportation or purchasing) were required to be provided on a regional or CESA basis rather than by each school district.

Topic 73: Regionalization of School District Support Services. Although a study of the potential advantages and disadvantages of regionalized approaches to school support services may be desirable in the future, the study group made no recommendations on these subjects.

Article 7.4.3: Cost-Containment Techniques

Schools are labor-intensive. About 80% of school costs are attributable to employee salaries and benefits. Naturally, concerns about school costs have included ideas about the collective bargaining process, especially mediation-arbitration.

The study group also notes that the existing equalization-aid formula contains a spending disincentive in the form of the secondary sharing level and points out that it isn't necessary to stop at just 2 levels.

Topic 74: Mediation-Arbitration. The study group heard concerns about the way the mediation-arbitration process affects local school districts. Since modifications to the process were recently adopted by the Legislature, some of the concerns raised may be resolved in the next year or so. No recommendations on mediation-arbitration were made by the study group.

Topic 75: State-Set Salary Schedule. A state-set teacher salary schedule would place the state in the role of bargainer with a state teachers' union. Contract issues tied to salary would also become a state concern and responsibility. An argument could be made that a state salary level satisfactory to all teachers would tend to follow the rates of larger school districts more than those of smaller school districts. A differentiated salary (by size of district) places the state in the role of valuing one teacher situation (location) above another. Additional study of the pros and cons of a state-set salary schedule is needed before well reasoned recommendations can be advanced.

Topic 76: Tertiary Sharing Level. The equalization-aid formula causes school costs to be shared between the state and the local district at 2 levels. The ratio of aid to cost at the secondary level is substantially lower than the ratio of aid to cost at the primary level. This procedure was built into the formula to serve as a disincentive to excessive spending. Although the formula would become more complex, it could be amended to include a 3rd (tertiary) level of sharing with a view toward strengthening the disincentive for excessive spending and directing the disincentive at the higher-spending districts.

Section 7.5: Other Topics

Article 7.5.1: School District Operations

The study group heard a couple of ideas which it agrees are desirable ends but which were couched in terms of needlessly stringent means.

Topic 77: Appropriate Operating Cash Balance. It has been suggested by the Legislative Audit Bureau, among others, that either statutes or administrative rules should specify a precise percentage of a school district's annual expenditure to be maintained as an operating cash balance. The DPI works closely with school districts to develop a cash-flow plan that best fits individual needs, which vary widely from district to district and less widely (but still appreciably) from year to year in the same district. The study group believes that these efforts, combined with heightened consciousness about cash balances, are both adequate for the situation and preferable to less flexible alternatives.

Topic 78: Improved Public Notice of Budget Hearing. The study group heard suggestions favoring improved financial information in the statutorily required public notice of school-district budget hearings. The study group fully supports the idea that the public should be adequately informed on such matters. The DPI has issued guidelines on this subject, districts are making progress in implementing them, and the study group decided that a requirement via statute or administrative rule would be premature.

Article 7.5.2: Property Assessment Practices

Real property is currently grouped into 6 classes for purposes of assessment and taxation.

Topic 79: Additional Property Classifications. The proposition of expanding the number of property classes beyond the current 6 may result in a fairer value for taxation purposes and may deserve further study by the Department of Revenue.

Part 8: Appendices

Section 8.1: Presentations to the Study Group

Each organization and individual who made a presentation to the study group is listed. The names of persons representing the organization and the organizational affiliation of each individual are also shown. Many presenters provided the study group with extensive written research and analysis as well as discussion. Their contributions were of substantial value in the production of this report.

Article 8.1.1: Organizations

- Wisconsin Association of School Boards (Feb. 28)
  George Tipler
- Wisconsin Education Association Council (Feb. 28)
  Morris D. Andrews, R. Michael Brennan
- Wisconsin Federation of Teachers (Jul. 21)
  Connie Salveson
- Wisconsin Association of School District Administrators (Mar. 7)
  Thomas Shepro
- Wisconsin Association of School Business Officials (Mar. 7)
  Roger J. Dickson, Michael R. Glowacki
- Association of Wisconsin School Administrators (Jul. 18)
  Charles R. Hilston
- Council of Administrators of Special Education (Mar. 7)
  Philip Knobel
- Council of Administrators of Pupil Services (Mar. 7)
  Gary E. Myrah
- Milwaukee Public Schools (Feb. 28)
  Matthew G. Corby, Douglas Haselow, Glenda Landon
- Madison Metropolitan School District (June 11)
  Barbara Arnold
- Fair Aid Coalition (Apr. 15)
  Sam J. Castagna, Walter Hard, Joyce O'Donnell, Ronald G. Parys, Carl Scholz, Richard E. Scott, William Sherer
- K-8/UHS Districts Coalition (May 27)
  Ronald W. Bullens, Gilbert R. Erickson, Gary R. Goyke, Dorothy Grochowski, Juanita Horne, Gail Humphreys, Dennis L. Mair, Daniel W. Misner, Sharon Pankow, Bill Stuckey, Paul Weber
- Wisconsin Association of Nonpublic Schools (Apr. 22)
  Patricia Meloy
- Wisconsin Association of Christian Schools (Apr. 22)
  Marvin Munyon
- Wisconsin Taxpayers Alliance (Feb. 28)
  James R. Morgan
- Public Expenditure Survey of Wisconsin (Feb. 28)
  William M. Babcock, Duane W. Riggert
- Wisconsin Alliance of Cities (Feb. 28)
  Edward J. Huck
- League of Wisconsin Municipalities (Mar. 7)
  LeRoy Lokken, Stanley York

- Department of Administration (May 12)
  Steven Dold, Richard Seaman
- Department of Revenue (May 12)
  Paulette J. Harder, Glenn L. Holmes, W. Michael Ley, Monroe H. Rosner, Michael Vlaisavljevich
- Legislative Fiscal Bureau (Apr. 22)
  Daniel Clancy, Kenneth Johnson, Robert W. Lang
- Executive Office of the Governor (May 12)
  Nancy J. Wenzel
- Wisconsin Farm Bureau Federation (Mar. 7)
  Roger Cliff, Donald Haldeman
- Wisconsin Farmers Union (Mar. 7)
  Leland E. Mulder
- Greater Milwaukee Committee (May 1)
  Robert Milbourne

Article 8.1.2: Individuals

- Prof. Richard Barrows (Apr. 4)
  UW-Madison Department of Agricultural Economics
- Prof. Richard Stauber (May 1)
  UW-Madison Department of Urban and Regional Planning

Section 8.2: Chart of Topic Population

	Ideas Ready for Action	Ideas for Future Consid-eration	Ideas Which Should Be Opposed	Other Ideas Consid-ered	
Part:	**4**	**5**	**6**	**7**	**4-7**
Section X.1: State Support					18
Level of Support	●●●				3
The Income Question	●●			●	3
Credits *vs.* Direct Aids	●●●				3
Cash Flow	●●●				3
Sources of Funding	●		●●●	●●	6
Section X.2: General Aids					22
Disequalizing Factors	●●●●●		●●●	●●	10
Formula Factors	●●	●	●●●	●	6
Mechanics of Computation	●●●●				4
Appropriations	●●				2
Section X.3: Categorical Aids					12
Specific Programs	●●●●●●	●	●	●●	10
Appropriations	●●				2
Section X.4: Factors Affecting School Costs					15
District Organization	●●			●●	4
Cooperative Efforts	●			●	2
Cost-Containment Techniques	●●		●	●●●	6
Educational Technology	●●●				3
Section X.5: Other Topics					12
Special Populations	●●	●●			4
School District Operations	●●			●●	4
Property Assessment Practices	●	●●		●	4
Totals:	46	6	11	16	79